

Message Text

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51

ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-01

INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06 SP-02

CIEP-02 LAB-04 SIL-01 OMB-01 STR-04 CEA-01 TAR-01

FMC-02 DOTE-00 PA-02 PRS-01 L-03 H-02 SS-15 NSC-05

/102 W

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R 281315Z MAY 75

FM AMEMBASSY MONTEVIDEO

TO SECSTATE WASHDC 8969

INFO AMEMBASSY BRASILIA

AMEMBASSY BUENOS AIRES

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E.O. 11652: N/A

TAGS: ETRD, UY

SUBJ: URUGUAY CONTINUES IMPORT SYSTEM REFORMS

REF: A) MVD 1190

EB) MVD A-060, 5/16/75

1. ON MAY 24 THE CENTRAL BANK OF URUGUAY TOOK A SIGNIFICANT STEP IN CARRYING OUT THE LIBERALIZING OF THE URUGUAYAN IMPORT SYSTEM PROMISED IN THE GOU COMMUNIQUE REPORTED REFTEL. THE NEW CENTRAL BANK CIRCULAR, IN EFFECT, ELIMINATES IMPORT QUOTAS BY ABOLISHING THE COMPLICATED SYSTEM OF ADDITIONAL PRIOR DEPOSITS (CONSIGNACIONES)--RANGING FROM 315 PERCENT TO 1,200 PERCENT CIF. ADMINISTRATIVE EXEMPTIONS FROM CONSIGNACIONES WERE THE BASIS FOR URUGUAY'S IMPORT QUOTA SYSTEM.

2. IN ISSUING ITS CIRCULAR WITH AN EFFECTIVE DATE OF JUNE 1, CENTRAL BANK BEAT THE JULY 1 DEADLINE FOR THIS MEASURE STIPULATED IN THE COMMUNIQUE. FURTHERMORE, WHILE THE COMMUNIQUE HAD ONLY PROMISED THE MAJORITY OF IMPORTS WOULD BE FREED, TODAY'S
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CIRCULAR COMPLETELY ABOLISHES QUOTAS. CONSEQUENTLY, THE ADMIN-

ISTRATIVE MEASURES NECESSARY TO ESTABLISH QUOTAS HAVE ALSO BEEN ABOLISHED.

3. URUGUAYAN IMPORT CONTROL WILL, STARTING JUNE 1, CONSIST OF ORDINARY TARIFF AND PORT CHARGES, PLUS TARIFF SURCHARGES RANGING FROM 10 TO 200 PERCENT CIF. IN ADDITION, THE 35 PERCENT, 5-MONTH CONSIGNACION MINIMA (REFAIR) WILL ALSO BE REQUIRED FOR VIRTUALLY

ALL PRIVATE SECTOR IMPORTS. FOR TRANSPORTATION EQUIPMENT ONLY, THERE REMAINS A SPECIAL 200 PERCENT PRIOR DEPOSIT.

4. CENTRAL BANK PRESIDENT GIL DIAZ IN EXPLAINING THESE MEASURES, STRESSED THE APPLICATION TO ALL IMPORTS OF THE CONSIGNACION MINIMA. HOWEVER, HE SAID THERE WOULD BE A FEW EXCEPTIONS TO PROVIDE GREATER FLEXIBILITY. THESE EXCEPTIONS WILL NOT APPLY TO INDIVIDUAL FIRMS OR BUSINESSES, BUT ONLY TO CERTAIN SECTORS OF THE ECONOMY WHICH WOULD BE UNDULY HURT BY THE DEPOSIT REQUIREMENT.

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